From:	Emily Ferry <emily.ferry@gmail.com>
Sent time:	09/27/2014 05:21:44 PM
To:	Meade, Chris
Subject:	Critique of Marine Alternatives
Attachments:	Skagway Marine Access Commission comments on Scoping document.docx

Hi Chris,

It is pretty clear from just a quick look at the Juneau Access SEIS executive summary that the state's preferred alt. 2B, the Katzehin Road and Ferry, is actually the most environmentally damaging (and least) practicable alternative.

The purpose and need statement reads:

- Provide the capacity to meet the transportation demand in the corridor
- Provide flexibility and improve opportunity for travel
- Reduce travel time between Lynn Canal communities
- Reduce State costs for travel in the corridor
- Reduce user costs for travel in the corridor

Most of the marine alternatives, including the "no action" alternative actually do a better job of reducing the cost to the state than any of the road alternatives, all of which will increase state costs.

The EIS also states that out-of-pocket costs will go up $10 for travelers to Haines and $17 for travelers to Skagway with the Katzehin road alternative as compared with the current cost to travel between Juneau, Haines, and Skagway aboard the ferry system (SEIS p. 2-16). While costs for some users, for example families traveling with a vehicle could go down with the proposed road, costs for others, in particular, walk-on passengers could go up substantially. Thus, the marine alternatives, including the "no-action" alternative, best meet the goal of reducing (or at least not increasing) user costs.

As presented by DOT, the road alternatives appear to increase the capacity and flexibility and reduce travel time better than marine alternatives. We, however, have serious questions about how the traffic demand numbers were developed and concerns about how other figures in the analysis of marine alternatives were skewed to create a more favorable outcome for the Katzehin road alternative.

The attached scoping comments outlined some of the concerns raised by the Skagway Marine Access Commission in their scoping comments. In our preliminary review it does not look like many of the requests were addressed in the SEIS. For example, the EIS still quotes a price 25% less to take a ferry between the Katzehin and Skagway than it would cost to take a ferry between Haines and Skagway, roughly the same distance.

We will be taking a much closer look at these issued during the comment period but feel it is important to bring the flawed analysis that has resulted in a skewed demand for increased capacity to your attention now as you evaluate the various alternatives for practicability.

Please let us know if you have any questions,
Thanks,
- Emily Ferry
907 723-6599

SKAGWAY MARINE ACCESS COMMISSION
P. O. Box 1076
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February 20, 2012

Reuben Yost, Project manager
DOT&PF Southeast Region
Juneau Access Improvements Project SEIS
P.O. Box 11206
Juneau Alaska 99811-2506

Dear Mr. Yost:

Thank you for the opportunity to provide further testimony with regard to the Juneau Access Project. The Skagway Marine Access Commission is a non-profit corporation dedicated to improving business conditions in Northern Lynn Canal, promoting safe, reliable and efficient transportation networks and supporting fiscally responsible government projects. We ask that Alaska Department of Transportation (AKDOT) review our past testimony as it pertains to this issue which was submitted during the Final Environmental Impact Statement process of 2006. (See attached)

The Skagway Marine Access Commission concurs with the findings of the U. S. District Court and the 9th Circuit Court of Appeals with the need to provide more substantial study to the Marine Transportation alternative. We are disappointed with AKDOT's narrow interpretation of this decision by focusing only on "existing assets" of the Alaska Marine Highway System (AMHS.) A more expansive, creative approach will certainly yield a more cost beneficial product.

Any comprehensive discussion of the use of existing AMHS assets requires not only a study of the permutations and combinations of vessel deployment, scheduling and routing segments but must also include a significantly deeper analysis of tariffs and revenues as it pertains to Lynn Canal and the AMHS in general. It is our contention that this is what the Court desires and what was found sorely lacking in the 2006 Final Environmental Impact Statement (FEIS.)

The previous Final Environmental Impact statement failed to apply uniform, consistent standardized formulas to the transportation and engineering data used in its cost/benefit analysis of the various alternatives. Despite requests from the public for clarification, many assumptions were made but never substantiated. The Skagway Marine Access Commission believes that the court's decision mandates not only more comprehensive analysis but more accurate and precise application of established principles of economic analysis, transportation planning and engineering assessment.

STANDARDIZATION OF COST CRITERIA
Each alternative in the FEIS contains a maritime link. AKDOT's choice of Alternative 2B as the preferred alternative and the exclusion of any possibility of a road link to Skagway (due to 4F issues) created a field of alternatives that all contain marine transportation as an element of their design. These alternatives differ only in the relative lengths of their road and ferry segments.   On its face this distinction may appear insignificant but it produces a valuable opportunity to create an "apples to apples" comparison rather than the apples to oranges analysis historically used by AKDOT.

In particular, with regard to marine transportation, capital costs and operating costs should be roughly the same mile per mile for each alternative whether that alternative contains a long ferry run such as (Auke Bay to Haines) or a short run from (Katzehin to Haines). In other words, ANY comparisons with regard to costs and revenues on the various marine segments should use uniform criteria and performance formulas: **number of miles *multiplied by* standardized revenue per mile** or **number of miles *multiplied by* standardized cost per mile,** etc. This would give the AKDOT a much better tool for evaluating the relative benefits of the marine links versus the hard road links which, unless being proposed as toll roads, shift the full burden of subsidy to the government.

Further, this more balanced analysis allows for discussion to be initiated as to the role of tariffs/revenues and how they impact the following two statements of purpose and need goals:

- Reduce State costs for transportation in the corridor
- Reduce user costs for transportation in the corridor

TARIFFS, REVENUES AND SUBSIDIES

A hard link road route allows little opportunity for revenue under the traditional model unless it is a toll road. The tradition of charging the user for a maritime link is well established and considered the norm. This creates an inverse relationship between the two stated goals in the purpose and need statement. Because of this traditional manner of charging a toll for maritime transport both the State of Alaska and the end user will bear a portion of cost either through State government subsidy or ticket price respectively. The actual percentage that would be applied to each entity is inverse to the other. A decrease in the obligation to the State would be realized as an increase to the user and vice versa.

This inherent conflict within the Purpose and Need makes it essential that AKDOT pay special attention to the tariff issue and do extensive research into the AMHS ticket price structure to achieve an optimum ticket price to maximize efficiencies of demand and revenue capture. Following the completion of the FEIS, AKDOT commissioned a study of AMHS tariffs system wide. This study, conducted by Northern Economics Inc. and completed in April 2008, would be a good place to start the analysis. The report is entitled **Passenger/Vehicle/Cabin Rate Study for the Alaska Marine Highway System** and is available for review on the AMHS website; it provides an excellent overview of the wide range of per mile tariff values for all the AMHS route segments.

One of the most noticeable findings of the study is the elevated tariffs of the route segments from Skagway to Haines and Skagway to Juneau relative to the rest of the AMHS route segments. These price/rate discrepancies create obvious problems in terms of economic efficiencies of price elasticity and demand. Furthermore, these are the very tariffs quoted in the FEIS for cost comparison to the preferred alternative. Neither the FEIS nor the Northern Economics report state what rationale the AKDOT used to depart from the median standard per mile tariff. But the result of that departure is a lopsided analysis in the FEIS that misrepresents the true cost per mile, especially when factored against the cost determinations quoted in the FEIS for the Katzehin to Skagway route for preferred alternative 2B.

The distance from Katzehin to Skagway is nearly the identical distance of Haines to Skagway yet the pricing disparity of the cost quoted for the maritime segment of Alternative 2B is somehow determined to be less than 25% of the traditional tariff structure charged by AMHS and the standard for every other alternative presented in the FEIS. **In the preferred Alternative 2B the FEIS puts the cost of the Katzehin/Haines to Skagway shuttle at $40 for a hypothetical family of four with a vehicle. Yet today, under the present price structure using the AMHS tariff schedule, the cost for a family of four with a vehicle to travel from Skagway to Haines is $157.** The principals of sound economic analysis and transportation planning require that these discrepancies be addressed in any future planning documents produced by the AKDOT.

Traffic studies to date demonstrate that a preponderance of AMHS traffic occurs in Lynn Canal. With its inflated pricing and its large traffic volume, Lynn Canal makes a disproportionately large financial contribution to the overall AMHS system as compared to the rest of the region. An issue of concern with regard to the goal of reducing State costs (reference Purpose and Need) would be possible impacts that the loss of Lynn Canal revenues would have on the rest of the system, either in the form of increased tariffs for users in other communities in Southeast or increased level of required government subsidy.

QUESTIONABLE ASSUMPTIONS AND INCONSISTENT METHODOLOGY IN DEVELOPING LYNN CANAL TRANSPORTATION MODELS

The only way to achieve a true comparison between a road link in Lynn Canal and ferry transportation in Lynn Canal is to develop a model for marine transportation as a stand-alone operation over the identical distance of the proposed road. In the past, the AKDOT has burdened the comparison by including losses incurred by marine operations elsewhere in the region as costs against marine operations in Lynn Canal. Assuming the Department is successful in building a road and completely eliminating marine transportation in Lynn Canal the AMHS would still incur the same administrative costs and revenue shortfalls on the remaining state-wide AMHS routes. Therefore, it is incorrect to include them as costs in the operational budget being hypothetically proposed for the Lynn Canal Route. The previous EIS showed bias toward the Department's hard link "preferred alternative" by burdening ALL marine alternatives with central office costs EXCEPT the marine components of the preferred alternative 2B. Here, costs and fares were minimized by as much as 75% in order to skew the comparison in favor of the outcome.

As we pointed out in our comments on the 2006 FEIS, AKDOT eliminated from their analysis all costs of staff, security, mooring and customer services at the three ferry terminals involved in the preferred alternative. Despite questions from the public, the department never explained why these costs were associated with the Haines/Skagway ferry terminals in all marine alternatives but not for those same terminals when proposed within the context of the "preferred alternative."

The new EIS must contain an analysis of an Auke Bay to Haines/Skagway marine alternative that is not burdened with overall regional costs and revenue losses south of Juneau and the preferred alternative (2B) must be encumbered with its fair share of ferry and terminal operational costs from Katzehin to Skagway and Haines. The model must assume that all ferries stop in Auke Bay and divert their onward northbound traffic to ferries operating in Lynn Canal. The model would then accurately mirror the preferred alternative in which all ferries stop in Auke Bay and divert their northbound traffic via a road to a ferry terminal in Katzehin where they would board ferries to Haines and Skagway. An added benefit of a stand-alone marine model is that the service can be tailored solely to the seasonal fluctuations of demand in Lynn Canal in order to serve the customer base most effectively and maximize the revenue/cost ratio.

Another example of discrepancies between alternatives is the FEIS's assumption of no wait time with regard to travel time calculations for Alternative 2B. All other marine alternatives have a calculated wait time in their discussions of required travel times. The "no wait" calculation for 2B is over simplistic and unrealistic; it is reasonable to assume that people will impose their own "check-in" time in order not to miss the ferry. (i.e. leaving 30 to 45 minutes earlier in order to be certain to obtain a car deck space. A more equitable solution would be to attribute a 45 minute wait time to the 2B alternative because the cost of missing the ferry is 90 minutes.

Another unreported impact of Alternative 2B is the cost to the end-user without a car who must secure ground transportation from Katzehin to Juneau. The proposed preferred alternative effectively dismantles a mass transit system with historical precedent. Statistics show 45% of the ridership on the AMHS is foot traffic but the FEIS provided no projections as to the increased costs for these people. To date, when this issue has been raised, the only response that has been provided is that it is not AKDOT's responsibility to provide that transportation. However debatable that answer might be, at a minimum, the department is required, to include those costs in the EIS as additional expense to nearly half the existing customer base of AMHS in Lynn Canal.

In 2004 a group of business people in Haines and Skagway hired a consultant to determine how a stand-alone ferry system operating solely in the Lynn Canal might best be configured. We are attaching the Lynn Canal Transportation Project report and business plan for your review. While outdated in some respects, we believe that if the goal of the Supplemental EIS is to evaluate the best marine alternatives, then a model similar to the one in the study must be considered. In developing such an alternative, AKDOT should put all options on the table including types of vessels used, scheduling options, fare structures, labor sources, and management structures.

Skagway Marine Access Commission recommendations:

- AKDOT hire an outside economic firm to perform a price elasticity study for the AMHS with regard to tariffs and demand.
- Incorporate and investigate tariff modification recommendations outlined in the AMHS Tariff study by Northern Economics Inc. (2008).
- Include the AMHS staff (staff traffic planner, scheduler, and business staff) in the development of possible vessel deployment and scheduling matrices.
- Isolate and identify maritime transportation costs specific to the Lynn Canal route segment for comparison across all proposed alternative maritime route segments. Ensure that any assumptions and methodology used are consistent for all evaluated alternatives.
- Estimate the future level of required State subsidy for AMHS and the impacts on the remainder of the region assuming implementation of the preferred Alternative 2B and the resultant loss of traffic and revenue currently being generated in Lynn Canal.
- Include safety, reliability and predictability in the Statement of Purpose and Need.
- Justify underlying traffic assumptions regarding large projected demand for vehicular traffic.
- Include in your analysis ferry operation and terminal costs associated with the hard link preferred alternative.
- Include in depth analysis of end-user (walk on traffic) costs for transportation between Katzehin and Juneau.
- Using the Lynn Canal Transportation Project as a guide, develop an alternative that includes a stand-alone ferry system in Lynn Canal that mirrors as closely as possible the road/ferry alternative 2B over the same number of miles, with similar traffic routings and uniform cost formulas that are not burdened with costs or losses incurred south of Juneau.
- Hire an independent consultant to review the results of the suspended Golder contract and any further geo-technical or engineering work that has been conducted which would impact construction costs of the road link in Alternative 2B.
- Itemize potential impacts to northern Lynn Canal economies which could result from changes in cruise ship patterns owing to scenic degradation.

The Skagway Marine Access Commission believes that a response to our comments and recommendations as listed would be an indication of AKDOT's sincerity to legitimately address the inadequacies identified by the courts and provide an honest analysis in a fair, meaningful and transparent manner. We are transmitting these comments via fax and email. Thank you for your consideration.

Janice C. Wrentmore, President
Skagway Marine Access Commission

Attachments:

Business Plan/Lynn Canal Transportation Project
Analysis of Traffic on Lynn Canal Ferry Routes by McDowell Group
Legal comments re: fiscal constraint by Jeff Parker, Atty.
Skagway Marine Access Commission comments on FEIS 2006